

AMENDED IN ASSEMBLY MARCH 8, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1705

Introduced by Assembly Member V. Manuel Perez
(Coauthor: Assembly Member Skinner)

February 1, 2010

An act to add Sections 17131.3, 24303, and 23456.3 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1705, as amended, V. Manuel Perez. Income taxation: exclusion: grants for specified energy property.

The Personal Income Tax Law and the Corporation Tax Law provide various exclusions from gross income that is subject to tax imposed by those laws.

This bill would provide under those laws that gross income does not include any grant—~~provided~~ to the taxpayer who places in service specified energy property in accordance with the federal American Recovery and Reinvestment *Tax* Act of 2009, but would require that the amount of any grant be used to adjust the basis of the property in accordance with specified requirements.

This bill would make a legislative finding and declaration as to the public purpose served by the bill.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

~~SECTION 1. Section 17131.3 is added to the Revenue and Taxation Code, to read:~~

~~17131.3. (a) Gross income shall not include any energy property grant provided to the taxpayer who places in service specified energy property in accordance with Section 1603 of Division B of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), but the grant amount shall be taken into account in adjusting the basis of that property in the same manner as under Section 50(c) of the Internal Revenue Code in the case of an energy credit.~~

~~(b) This section shall become operative on February 17, 2009, and apply for taxable years ending on or after that date.~~

~~SEC. 2. Section 24303 is added to the Revenue and Taxation Code, to read:~~

~~24303. (a) Gross income shall not include any grant provided to the taxpayer who places in service specified energy property in accordance with Section 1603 of Division B of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), but the grant amount shall be taken into account in adjusting the basis of that property in the same manner as under Section 50(c) of the Internal Revenue Code in the case of an energy credit.~~

~~(b) This section shall become operative on February 17, 2009, and apply for taxable years ending on or after that date.~~

~~SECTION 1. Section 17131.3 is added to the Revenue and Taxation Code, to read:~~

~~17131.3. Any grant made in any taxable year by the Secretary of the Treasury under Section 1603 of the American Recovery and Reinvestment Tax Act of 2009 (Public Law 111-5) to a taxpayer who places in service specified energy property shall not be includable in the gross income or the alternative minimum taxable income of the taxpayer, but shall be taken into account in determining the basis of the property to which that grant relates, except that the basis of that property shall be reduced using rules prescribed under Section 50(c) of the Internal Revenue Code in the same manner as a credit calculated under Section 48 of the Internal Revenue Code, and adjusted upward in accordance with rules applied by the Secretary of the Treasury under Section~~

1 1603(f) of the American Recovery and Reinvestment Tax Act of
2 2009 (Public Law 111-5).

3 SEC. 2. Section 24303 is added to the Revenue and Taxation
4 Code, to read:

5 24303. Any grant made in any taxable year by the Secretary
6 of the Treasury under Section 1603 of the American Recovery and
7 Reinvestment Tax Act of 2009 (Public Law 111-5) to a taxpayer
8 who places in service specified energy property shall not be
9 includable in the gross income or the alternative minimum taxable
10 income of the taxpayer, but shall be taken into account in
11 determining the basis of the property to which that grant relates,
12 except that the basis of that property shall be reduced using rules
13 prescribed under Section 50(c) of the Internal Revenue Code in
14 the same manner as a credit calculated under Section 48 of the
15 Internal Revenue Code, and adjusted upward in accordance with
16 rules applied by the Secretary of the Treasury under Section
17 1603(f) of the American Recovery and Reinvestment Tax Act of
18 2009 (Public Law 111-5).

19 SEC. 3. Section 23456.3 is added to the Revenue and Taxation
20 Code, to read:

21 23456.3. (a) Section 56(g)(4)(B)(i) of the Internal Revenue
22 Code shall not apply with respect to any grant paid by the United
23 States Treasury pursuant to Section 1603 of Division B of the
24 American Recovery and Reinvestment Act of 2009 (Public Law
25 111-5).

26 (b) This paragraph shall become operative on February 17, 2009,
27 and apply for taxable years ending on or after that date.

28 ~~SEC. 4. The Legislature finds and declares that this act serves~~
29 ~~a public purpose by promoting the use of specified energy property~~
30 ~~in accordance with the American recovery and Reinvestment Act~~
31 ~~of 2009 (Public Law 111-5), and by providing for the equitable~~
32 ~~and co-equal treatment of all taxpayers who place that property~~
33 ~~into service.~~

34 SEC. 4. The Legislature finds and declares that this act serves
35 a public purpose by ensuring the fair and consistent application
36 of California law to recipients of grants made by the Secretary of
37 the Treasury under Section 1603 of the American Recovery and
38 Reinvestment Tax Act of 2009 (Public Law 111-5).

1 SEC. 5. This act provides for a tax levy within the meaning of
2 Article IV of the Constitution and shall go into immediate effect.

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